

**Prepared Remarks of
Ambassador Richard Fisher**

Inter-American Dialogue Forum on U.S.-Brazil Trade Relations

April 18, 2000

Thank you very much. I am pleased to be here again at the Inter-American Dialogue. Let me thank Peter Hakim very much for inviting me to speak today; it is also my great pleasure to

This is an especially interesting time to be speaking and thinking about Brazil and our Saturday; as we look ahead to the new millennium and the third century of our nation; and as we than perhaps at any time in the past.

Today I will be concentrating on the practical hemispheric trade agenda for the coming

•

Associacao de Livre Comercio das Americas, with the first phrases of the actual year end;

We are developing and implementing practical business-facilitation measures to ease trade measures;

We are, in the U.S., working toward a more rapid opening of our own market, with the for the nations of Central America and the Caribbean.

These policy steps are matched by an equally rapid growth of personal and commercial

Last February, as a central stop on my first South American visit of this year, Secretary Bill Daley and I had a very productive meeting with President Cardoso and several ministers, including Ministers Alcides Tapias and Luiz Felipe Lampreia. We discussed the full range of trade and investment issues of importance to Brazil and the U.S., including the FTAA/ALCA, our shared goal of opening a new Round of talks at the World Trade Organization, and bilateral issues

such as intellectual property, steel and electronic commerce.

The U.S. business group that accompanied us on that trip was a real-life reflection of the growing commercial agenda these talks represent.

It included nineteen companies: some large and well-known firms in telecommunications, energy and pharmaceuticals; but equally important, some smaller companies like MCM Enterprise, whose 20 employees want to sell devices that monitor hydroelectric generators, and The Fluency Group – with six full-time workers – that sells a test to examine English proficiency.

Our trade statistics are equally interesting. In January alone, we bought \$1 billion worth of goods from Brazil: \$119 million in iron and steel products, over \$35 million worth of auto parts, 7 million pairs of shoes; five aircraft; 20 million kilos of coffee and 18,000 kilos of ginger; 21,000 carats worth of emeralds and 210,000 cellular phones. And by the way, local supermarkets in Washington now carry the Brazilian soft drink guarana (gua-ra-NA) on their shelves.

Last year the U.S. was Brazil's most important and best performing export market, with Brazilian exports to the United States growing by well over \$1 billion, as exports to Europe declined 7 percent and exports to Mercosur fell 24 percent. Brazil was our 12th largest market in the world in 1999, buying more from us than China and closing in on France. We are all, of course, aware of Ambassador Barbosa's concern about our persistent trade surplus with Brazil – and I imagine he is somewhat relieved to see that it receded so significantly (i.e., by \$3 billion) in 1999.

Each of these statistics means something for an individual: a job; a higher farm income; a higher standard of living for someone somewhere in our two countries. Taken together, they mean sources of growth, development and security for nations. To take the most salient example, Brazil's rising exports to the United States were a critical element, together with a successful reform program, in recovery from the financial crisis.

TOWARDS THE FTAA/ALCA

We can be very proud of the progress we have made. But we can also do much better. And that brings me to the talks on the Free Trade Area of the Americas.

The FTAA/ALCA is an extraordinarily ambitious, complicated initiative. It brings together 34 democratic nations – from continental giants like the U.S. and Brazil, to some of the smallest countries in the world; from technological leaders to least developed nations. It addresses the most complex issues: the opening of services markets, the development of electronic commerce, the response to the growing interest in trade and trade policy by civil society, and more. But its rewards are commensurately great.

By 2005, we will create a single trade zone including nearly a billion people and much of the world – from Recife to Hawaii and from the Arctic Ocean to Tierra del Fuego. It will deepen

trade relationships that already absorb more than half of all the goods exported from Brazil and roughly 46% of goods exported from the United States. It will strengthen our ability to achieve shared goals in the broader trading system, notably with respect to liberalization of agricultural trade. And ultimately, it will create a lasting, prosperous, peaceful and democratic hemispheric community.

PROGRESS THUS FAR

This work is well underway.

Precisely two years ago, at the Summit of the Americas in Santiago, the hemispheric leaders directed us to begin formal negotiations toward the FTAA/ALCA. Since then:

- We have reviewed each area the agreement will cover – market access; agriculture; services; intellectual property; government procurement; investment; competition policy; subsidies, anti-dumping and countervailing duties; and dispute settlement.
- We have taken formal advice from civil society in the hemisphere through the ALCA's Committee on Civil Society – the first such committee in any major international trade negotiations – which solicited ideas and input from throughout the hemisphere, and received ideas from 68 groups ranging from the Brazilian National Confederation of Industry, to the Consultative Andean Labor Council, the Ecuadorian Center for Environmental Law, and the Latin American School of Social Sciences in Chile. Just last week the Committee issued a new invitation for public comment on the upcoming phase of our work.
- We have drafted outlines of each chapter, sketching out the commitments expected of each of us.
- And last November in Toronto, we committed ourselves to begin drafting the actual text of the agreement.

That marks a fundamental decision: the moment at which we stepped off the bank and began to cross the river, a river which for too long has proven uncrossable. The countries of this hemisphere have discussed the free trade zone concept on innumerable occasions in the past. Any student of the Western Hemisphere's history, can recite the free trade proposals of Simon Bolivar, James G. Blaine and Benito Juarez. When I met with President Cardoso in February, he told me that even before Brazil's independence, Thomas Jefferson discussed the concept with the Brazilian/Portuguese priest, Father Serra.

As we are all aware, none of these earlier initiatives got past the point of discussion. At the Summit of the Americas, we took the concept from daydream to vision. Now it has moved from vision to reality, as for the first time in two hundred years and more, have actually embarked on a course toward completion, rowing together in a common cause.

NEXT STEPS: NEGOTIATING AGENDA

Where to from here? Fundamentally, this year's work will cover two major areas.

The first of these, of course, will be the drafting of the text for each FTAA chapter. As in all negotiations, the most difficult issues will come at the end. But by the end of the year as I said earlier, we expect to draft what we call 'bracketed' texts covering the full scope of the agreement, and to settle some of the less controversial specific issues.

Each of the Negotiating Groups has begun its work. Almost all the participating countries have taken leadership roles in one or more of the Groups. Especially significant in the next year, I think, will be Brazil's work as Chair of the Agricultural Negotiating Group.

This group is of fundamental importance for both our countries, first of all within the hemisphere. Our experience with the North American Free Trade Agreement is evidence of the potential of trade agreements to create opportunities for farmers in both developed and developing countries – as our agricultural exports to Mexico have grown by nearly \$2 billion since NAFTA went into effect, and their agricultural exports to us have grown too – from \$3.1 billion in 1993 to \$5.6 billion in 1999 (an 80% increase).

But it will have equally important implications for our wider trade interests, especially given the WTO's decision to open agricultural negotiations in February. A hemispheric consensus on agriculture will thus help us achieve goals worldwide – eliminating agricultural export subsidies, reducing tariffs, ensuring the proper treatment of biotechnology and so forth. It will put pressure on that WTO members who have opposed agricultural trade reform, notably in Europe, as farmers in the U.S., Canada, Brazil, Argentina and elsewhere in our hemisphere gain competitive advantages.

NEXT STEPS: BUSINESS FACILITATION

Second, in parallel with the negotiations on the FTAA/ALCA text, we are implementing practical business facilitation measures that bring immediate benefit.

These are real-world initiatives, meant to ease commerce and trade for the people who are growing and selling everything from ginger to shoes to airplanes to computers. We have already agreed upon and begun to implement measures to ensure, for example, that visa and customs requirements are posted on the web. We are also implementing streamlined customs procedures for express shipments and commercial samples. And all the countries of the hemisphere have agreed to implement codes of conduct for customs officials.

Now we are looking toward the next step and some more technically challenging ideas. These will include a number of proposals in the high-tech field: adopting measures to ensure the effective protection of privacy in electronic commerce and to recognize electronic records and signatures; eliminating redundant testing and certification requirements; and making better use of the Internet in government procurement.

CBI

At the same time, our Administration is working closely with Congress toward completion of an enhanced Caribbean Basin Initiative. This is not, of course, directly linked with the FTAA/ALCA talks, but it will help our Caribbean neighbors prepare their economies for the FTAA/ALCA, and when completed will offer a valuable source of confidence in the direction of hemispheric trade. Significant work remains ahead before the CBI bill is completed, but it is a very high priority of ours and of various members of Congress in both houses and on both sides of the aisle, and we view the Congressional agreement last week on its textile provisions as a very promising sign.

THE RESULT

This, then, is the agenda for the year ahead: we are laying the foundation for the hemispheric agreement; we are taking practical short-term steps at the same time; and we are working with each of our partners to smooth the way.

Let me now look a few years further ahead to the completion of the work. When we get up from the table and shake hands after it is done:

First, we will have created growth and job opportunities throughout the hemisphere. As trade barriers fall, we will see wider horizons and better prospects emerge for Brazilian farmers and aircraft manufacturers; Chilean engineering firms and aquiculture; Argentine and Canadian ranchers; Americans as well. The improved access to markets (and accompanying expansion of employment opportunities) is especially important to Latin American countries in which the demographic bulge is concentrated in the working age population, as compared to previous decades when the bulge was concentrated in the under-15 age bracket. Moreover, the fact of the world's largest free trade area will be a powerful stimulus for investment in all our economies. We already have seen the positive effects of sub-regional trade liberalization on investment in Brasil, Chile and Mexico, and incidentally, the U.S. (Where Germans have invested more in foreign direct investment in the past three years than in all of Europe).

Second, we will improve our living standards. Families will benefit from a wider availability of goods and services, with better quality and lower prices. The combined effects of trade liberalization and the expansion of the Internet already are giving consumers in the less developed countries the same choices in products and price that previously were available only to North American consumers (or to those from Latin America who could afford a plane ticket to Miami). But I don't mean simply that they will be able to buy imports: domestic firms will become more efficient as they more easily import capital and informatics goods, and employ the higher technologies that become available when intellectual property protection improves. And government will be more economical in providing services (and spending tax money) through adherence to international standards of open and fair procurement practices. Even local monopolies and other anti-competitive practices will diminish as we advance negotiations in competition policy.

Third, we will spur technological progress. By opening services markets, we will encourage competition, transparency, and impartial regulation of financial systems, telecommunications, insurance and other industries basic to a modern economy. By strengthening protection of intellectual property, we will help creative industries, computer software and other technologically progressive sectors grow in each FTAA country. For great agricultural countries such as Brasil and the U.S., we will develop a predictable and science-based environment for tapping the enormous potential of biotechnology. And by encouraging electronic commerce, we will give the poorest and most remote regions in each country new access to world markets – from Andean handicrafts to organic coffee from the Guatemalan highlands.

Fourth, we will strengthen the position of the Americas as we look out upon the world. The FTAA negotiations on agriculture, as I have noted, are an especially compelling example. But the same applies to the newer aspects of trade negotiations. To the extent that we agree on common approaches to services, government procurement, competition policy, and pursuing our trade liberalization in a manner that is supportive of practicable environmental protection, our hemisphere will be more influential in shaping the global consensus on these subjects.

And finally, we will strengthen the values of openness, accountability, and democracy which themselves make the FTAA/ALCA possible. Clear, consensus rules for trade, combined with improved means of resolving trade disputes, will generate more respect for equality and fair play, both for individuals and for countries. This will strengthen the rule of law, which is an essential ingredient in fostering democracy and social justice.

CONCLUSION

Our negotiators are at the table in Miami today for a simple reason: the Americas enjoy the strongest consensus of values in history: peaceful politics and democratic government; on human rights and the rule of law; on open markets and shared prosperity.

Brazil and the United States – as the largest economies in the western hemisphere; as its continental nations; as its technological leaders; as the two governments co-chairing the final year of FTAA/ALCA negotiations – have a unique responsibility to see the work through to completion.

We have much work before us: some of it will be contentious, all of it will be complex. But it is of the most profound importance.

Every one of us should feel immensely privileged to take our part in it.